

SHOP DIRECT ENROLLMENT PROGRAM

Maryland Health Connection SHOP FAQs

1. How can I get coverage for my employees through the SHOP Marketplace in Maryland?

If you are an employer who is interested in purchasing a SHOP plan for your employees with coverage beginning in 2014, you may participate in this new process, which is referred to as "direct enrollment."

To access coverage for your employees, you may go to a SHOP-authorized broker and ask about a SHOP Marketplace Plan. These carriers will be offering SHOP-certified plans through the direct enrollment process:

- ✕ CareFirst
- ✕ Coventry
- ✕ Evergreen Health Co-Op
- ✕ Kaiser Permanente
- ✕ United Healthcare
- ✕ BEST Life
- ✕ DentaQuest
- ✕ Dominion Dental
- ✕ Guardian
- ✕ United Concordia

For more information about the SHOP Direct Enrollment process, please visit **MarylandHealthConnection.gov**.

2. How exactly does "direct enrollment" work for Maryland's SHOP Marketplace?

- a. You'll contact a SHOP-authorized broker, who will provide you with information about carriers that offer SHOP-certified Qualified Health Plans (QHPs) and Qualified Dental Plans (QDPs).
- b. Working with a SHOP-authorized broker, you can select Qualified Health Plans and Qualified Dental Plans to offer your employees.
- c. The broker will help you fill out a MHC SHOP Employer Paper Application for SHOP eligibility and send it to Maryland Health Connection. You are not required to wait to hear back on your eligibility determination from Maryland Health Connection before you and your employees enroll in a SHOP-certified QHP/QDP. You may also submit the MHC SHOP Employer Paper Application yourself, directly to the SHOP.

d. Separate from the MHC SHOP Employer Paper Application, the carrier will need you to complete their small group application and related forms. The insurance company can tell you how much coverage may cost and can enroll your employees directly into the plan. If the SHOP later determines that your business is ineligible to participate in the SHOP Marketplace, you would lose eligibility for the Small Business Health Care Tax Credit, but your insurance company is not required to terminate your coverage. If you prefer, you can opt to wait to enroll employees until after you receive an official notice of eligibility from Maryland Health Connection. A decision to delay may impact your desired effective date.

3. Why do I need to complete the SHOP Employer Paper Application and receive an eligibility determination in the SHOP Direct Enrollment Process?

This step is important if you are interested in applying for the Small Business Health Care Tax Credit. The first step towards being eligible to receive the tax credit is the determination of your SHOP eligibility by MHBE.

You should be aware that you may not be able to access the Small Business Health Care tax credit if you are found ineligible for SHOP coverage.

4. Where do I find more information about the Small Business Tax Credit?

The IRS will determine your eligibility for the Small Business Tax Credit. You should refer to the IRS information on the Small Business Tax Credit located at irs.gov/uac/Small-Business-Health-Care-Tax-Credit-for-Small-Employers.

The credit is available only if you obtain coverage for your employees through the SHOP Marketplace. You may qualify for employer health care tax credits if you have fewer than 25 full-time equivalent employees making an average of about \$50,000 a year or less. To qualify for the Small Business Health Care Tax Credit, you must also pay at least 50% of your full-time employees' premium costs. You don't need to offer coverage to your part-time employees or to dependents.



The tax credit is worth up to 50% of your contribution toward employees' premium costs (up to 35% for tax-exempt employers).

5. What plans are available?

Only SHOP-certified health and dental coverage is available through the SHOP direct enrollment process. For more specific information about the plans offered, please contact a SHOP-authorized broker or visit MarylandHealthConnection.gov.

6. If I submit a MHC SHOP Employer Paper Application by myself or through a broker, how will I hear back and when will I know about my eligibility to participate in the SHOP?

Maryland Health Connection will notify employers of their eligibility to participate in the SHOP by a mailed written notice. Maryland Health Connection expects to notify employers of their eligibility within 5 days of receiving a fully completed MHC SHOP Employer Paper Application from the employer or broker. By using “direct enrollment” you can opt not to wait for an eligibility determination from the SHOP Marketplace before enrolling in a QHP and QDP, although you might not be eligible for the Small Business Health Care Tax Credit if Maryland Health Connection later determines you were not eligible to participate in the SHOP.

7. What happens if I, as an employer, am determined ineligible?

If you’re deemed ineligible for the SHOP Marketplace based on your application, you’ll have an opportunity to apply again or to appeal the decision within 90 days of receiving your denial of eligibility notification from Maryland Health Connection. You will receive more information about the appeals process in your eligibility denial notice. If, after appeal, you are still determined to be ineligible, you may still get coverage through a SHOP-certified QHP and QDP for you and your staff, however you will not be able to claim a tax credit for 2014.

8. How is SHOP employer eligibility determined?

To be eligible to participate in the SHOP Marketplace, you must:

- ✗ Have a principal business address within Maryland, or you can offer coverage to each eligible employee through the SHOP Marketplace serving that employee’s primary worksite.
- ✗ Have at least one common-law employee on payroll (not including a business owner or sole proprietor or their spouses if they’re on payroll). For the definition of a common-law employee, visit the IRS website at [irs.gov/Businesses/Small-Businesses-&Self-Employed/Employee-\(Common-Law-Employee\)](http://irs.gov/Businesses/Small-Businesses-&Self-Employed/Employee-(Common-Law-Employee)) and refer to Question 21 below.
- ✗ Employ 50 or fewer full-time equivalent employees (FTEs), including part-time employees. To calculate FTEs, refer to Questions 20 and 21 below, the MHC SHOP FTE calculator and/or visit the IRS website at irs.gov/uac/Small-Business-Health-Care-Tax-Credit-Questions-and-Answers:-Determining-FTEs-and-Average-Annual-Wages.
- ✗ Offer coverage to all full-time employees

The SHOP will review the employer’s application to confirm that the employer meets each of these SHOP eligibility requirements. Maryland Health Connection will provide the employer with a notice of the employer’s eligibility determination.

Eligibility for the Small Business Tax Credit is determined by the IRS. Please refer to the IRS website at irs.gov/uac/Small-Business-Health-Care-Tax-Credit-for-Small-Employers for more information.

9. How can I find a broker to help me with my MHC SHOP Employer Paper Application?

Please refer to our list of brokers who are authorized by Maryland Health Connection at **MarylandHealthConnection.gov/assets/Authorized-Broker-Directory-20140127.pdf**. Any broker on this list may assist you with this process. You may also call the Producer Referral Program at **877-304-9934** or **410-268-6877** to find a broker near you.

10. What happens if there isn't a broker available to help me or if I prefer not to use a broker?

For assistance with the MHC SHOP Employer Paper Application, you may reach out to the Maryland SHOP Marketplace by calling the Consumer Support Center at **1-855-642-8572** (**1-855-642-8573** for TTY services for deaf and hard of hearing).

HOURS OF OPERATION:

Monday – Friday: 8 am – 8 pm

Saturday: 8 am – 6 pm

Sunday: 8 am – 2 pm

However, for assistance with plan selection, you must use a SHOP-authorized broker to assist you.

11. Why is Maryland making this “direct enrollment” process available?

We’re offering this direct enrollment process to allow small employers and their employees to get the benefits of the SHOP Marketplace coverage quickly, including ensuring that employers can meet the Small Business Tax Credit requirement of employee coverage through a SHOP-certified plan, while we continue making improvements to Maryland Health Connection.

12. When will coverage take effect?

The SHOP “direct enrollment” process will be available starting on April 1, 2014. The first possible effective date of coverage will be June 1, 2014. Your group’s effective date will depend on how quickly you move through the process of selecting the plans that you make available to employees, how long the employees have to select their coverage, and how quickly you make your first payment to your selected insurance company.

13. When will my employees and I be able to apply and enroll in the SHOP online?

You and your employees will be able to apply and enroll in SHOP coverage online starting in November 2014 for coverage that takes effect as early as January 2015. If you have enrolled in coverage through the SHOP direct enrollment process, you may enroll into SHOP coverage online at the time of your annual renewal.

14. Does this mean that I don't need to go to Maryland Health Connection at all?

You can go to Maryland Health Connection to view basic information on available plans that can help you choose a plan and insurance company. There are also resources available about the SHOP, a way to calculate the number of employees that you have and information about the Small Business Tax Credit. You can't apply for SHOP eligibility or enroll in SHOP coverage on Maryland Health Connection at this time.

15. What carriers are participating in the SHOP direct enrollment process?

The majority of carriers who will be participating in the SHOP online will be participating in the SHOP direct enrollment process. The medical carriers participating in SHOP direct enrollment include: CareFirst, Coventry, Evergreen Health Co-Op, Kaiser Permanente, and United Healthcare. The Dental carriers participating in SHOP direct enrollment include: BEST life, DentaQuest, Dominion Dental, Guardian, and United Concordia.

16. What if my employee already purchased a qualified health plan through Maryland Health Connection?

If the employee elects to keep their individual coverage through Maryland Health Connection, they may do so. However, if their employer's plan is considered "affordable" (i.e. their employee contribution towards the employer sponsored health plan for single coverage is less than 9.5% of their income) and the employer offers a plan that meets the minimum value standard, they will not be eligible for any tax credits or cost sharing reductions for any months that they continue to be enrolled in an individual qualified plan. However, if their employee contribution towards the employer sponsored health plan is considered "unaffordable" (i.e. greater than 9.5% of their income for single coverage) or does not meet the minimum value standard, they may be eligible for tax credits and cost sharing reductions (depending on their household income) for any months they continue to be enrolled in the individual exchange. They will be required to reconcile their advanced premium tax credits on their plan year tax filing.



The employee may also terminate their individual coverage and join their employer-sponsored plan. The employee should alert Maryland Health Connection that they would like to terminate their individual coverage. The individual is not responsible for paying back any subsidies received while employer-sponsored coverage was not available to the employee and their dependents.

An employee who is eligible for employer-sponsored coverage through their spouse and/or parent's plan, as applicable, or through a public plan, including Medicare, Medicaid and CHAMPUS, may elect to keep that coverage and not enroll in their newly-offered employer-sponsored plan.

17. Does an employee need to submit an eligibility application?

No, an employee does not need to submit a SHOP eligibility application during direct enrollment. An employee should follow the enrollment steps provided by the carrier/employer. An employee's eligibility will be confirmed by comparing the insurance carrier's enrollment file for the employer against the employer's roster submitted in the employer's SHOP eligibility application. If an employee does not appear on the employer's roster, a representative from SHOP will contact the employer to ascertain whether the employee was left off the roster inadvertently. If so, the employer may provide MHC an updated roster. MHC will provide all employees that enroll in coverage a notice of eligibility determination.

Employers must offer SHOP coverage to all full-time employees and may elect to offer coverage to part-time employees and dependents of any employee.

18. How do I calculate my full-time equivalent (FTE) employees?

You should refer to the MHC SHOP FTE calculator to determine your number of FTEs.

You may also find information about FTEs through the IRS website at

irs.gov/uac/Small-Business-Health-Care-Tax-Credit-Questions-and-Answers:-Determining-FTEs-and-Average-Annual-Wages.

19. Who counts as an employee in the FTE calculation?

A FTE is a full-time equivalent employee.

In general, all employees of the eligible small employer are taken into account when determining FTEs and average annual FTE wages, including employees who terminated employment during the tax year, employees covered under a collective bargaining agreement, and employees who are not enrolled in health care coverage. The following individuals are not considered employees for purposes of SHOP eligibility and the tax credit: owners of the small business, such as sole proprietors, partners, shareholders owning more than 2% of an S corporation or more than 5% of a C corporation; spouses of these owners; and family members of these owners, which include a child, grandchild, sibling or step-sibling, parent or ancestor of a parent, a step-parent, niece or nephew, aunt or uncle, son-in-law or daughter-in-law, father-in-law, mother-in-law, brother-in-law or sister-in-law. A spouse of any of these family members should also not be counted as an employee.



Seasonal workers are workers who perform labor or services on a seasonal basis, including retail workers employed exclusively during holiday seasons. Seasonal workers are not employees for purposes of SHOP eligibility and the tax credit unless the seasonal worker provides services to the employer on more than 120 days during the taxable year, however, premiums paid on behalf of a seasonal worker are counted in determining the amount of the tax credit.

Part-time workers are counted in FTEs and average annual wages. If an employee works part-time throughout most of the year, he or she is not a seasonal worker and the employer must count the employee's hours of service during the year in its FTE for SHOP eligibility and tax credit and average annual wage calculation for the tax credit.

Leased employees are counted in the FTE for SHOP eligibility and the tax credit and average annual wage calculation for the tax credit. A leased employee is a person who is not an employee of the service recipient and who provides services to the service recipient pursuant to an agreement with the leasing organization.

You may find more information at the IRS website on FTEs at **[irs.gov/uac/Small-Business-Health-Care-Tax-Credit-Questions-and-Answers:-Determining-FTEs-and-Average-Annual-Wages](https://www.irs.gov/uac/Small-Business-Health-Care-Tax-Credit-Questions-and-Answers:-Determining-FTEs-and-Average-Annual-Wages)**.